Noranda

1972

1972

DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1972

Including Copies of the Reports of

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

and

CAMPBELL RED LAKE MINES LIMITED

FOR THE SAME PERIOD

DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1972

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AUDITORS

...larkson, Gordon & Co. — Toronto, Ont. M5K 1J7

SOUTH PORCUPINE OPERATIONS

Manager — Harry V. Pyke
General Superintendent — Robert J. Perry

EXPLORATION DEPARTMENT

G. S. Wallace Bruce
Vice-President Exploration
360 Bay Street, Suite 702, Toronto, Ont. M5H 2V9

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre,
Toronto, Ont. M5K 1C1

DIRECTORS

Clifford W. Michel	New York, N.Y.
F. Warren Pershing	New York, N.Y.
A. Bruce Matthews	Toronto, Ont.
James B. Redpath	Toronto, Ont.
William F. James	Toronto, Ont.
William R. Biggs	Washington, D.C.
Allen T. Lambert	Toronto, Ont.
Charles P. Girdwood	Prescott, Ont.
Fraser M. Fell	Toronto, Ont.

OFFICERS

Clifford W. Michel
Chairman of the Board and Treasurer

James B. Redpath
President

Charles P. Girdwood
Vice-President

G. S. Wallace Bruce
Vice-President Exploration

Fraser M. Fell
Secretary

James E. Alexander
Assistant Secretary

John H. Hough
Assistant Secretary

Adele C. Pighi
Assistant Secretary

Edmund J. Andrecheck
Assistant Treasurer

Harry V. Pyke
Manager

Robert J. Perry
General Superintendent

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	Parent Company	
	1972	1971
Tonnage Milled	629,800	658,000
Ounces Gold Produced	146,242	169,531
Average Price realized per ounce on sales during the year (1971 includes E.G.M.A. of $9.70 per ounce)	$58.06	$45.03
Value of Bullion (1971 includes $1,645,000 E.G.M.A.)	$ 8,866,808	$ 7,683,114
Operating Costs	$ 7,374,737	$ 7,432,113
Net Income (excluding equity in undistributed earnings of subsidiary companies)	$ 3,780,018	$ 2,913,328
Net Income per share (excluding equity in undistributed earnings of subsidiary companies)	$1.94	$1.50
Net Income (including equity in undistributed earnings of subsidiary companies)	$ 5,466,229	$ 3,450,720
Income per share before extraordinary item	$2.71	$1.77
Net Income per share (including equity in undistributed earnings of subsidiary companies)	$2.81	$1.77
Current Assets	$15,954,662	$13,672,546
Current Liabilities	$ 1,491,249	$ 987,493
Working Capital	$14,463,413	$12,685,053
Investments	$27,019,598	$25,309,103
Number of Shareholders — December 31	5,673	5,856
Dividends Declared	$ 1,946,668	$ 1,557,335
Dividends declared per share	$1.00	$0.80
Shares Issued	1,946,668	1,946,668

	Principal Subsidiary Companies	
Sigma Mines (Quebec) Limited (63% owned by Dome) Net Income	$ 801,929	$ 226,774
Campbell Red Lake Mines Limited (57% owned by Dome) Net Income	$ 4,667,344	$ 2,717,054

REPORT OF THE DIRECTORS

of

Dome Mines Limited

(For the Financial Year Ended December 31, 1972)

Toronto, Ontario,
February 15, 1973.

To the Shareholders of
Dome Mines Limited:

On behalf of your Directors, the Chairman and President are pleased to submit their joint report covering the financial year ended December 31, 1972. This report includes the Balance Sheet and Statements of Income and Earned Surplus and Statements of Changes in Financial Position which consolidate your Company's interests in its subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited, together with the Reports of the Auditors thereon. In order to compare with previous Annual Reports, we include as heretofore, the parent Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Changes in Financial Position. Our Report also includes the Report of the Manager and the Report of the President of Dome Exploration (Canada) Limited, our exploration subsidiary.

Consolidated Net Income aggregated $5,466,229, or $2.81 per share as compared with $3,450,720, or $1.77 per share in 1971. This consolidated income is the highest the Company has attained since the inception of operations in 1911. From these earnings total dividends of $1.00 per share were declared, including a year-end extra of 20¢ per share.

The increase in net income is attributable to the rapid rise in the free market price of gold that occurred during the year. Pursuing a policy of selling on scale into the sharp upward trend that unfolded, the average price realized on sales during the year by the parent was $58.06 (Canadian) per ounce in contrast to total revenue per ounce in 1971 of $45.03 which included $35.33 paid by the Royal Canadian Mint and $9.70 per ounce under the Emergency Gold Mining Assistance Act. Last year's wide price swings presented challenges and opportunities to management that had not existed since the world-wide currency devaluations in the period between 1931 and 1934. In a later paragraph of this report we have attempted to set forth the factors that contributed to the increase in the free market price of gold.

The working capital position of the Company on a consolidated basis, increased by $4,427,197 to a total of $27,256,367. This strong financial position provides your Company with the ability to take advantage of any interesting mineral project which your Exploration Department might discover as well as to continue our participation in exploration in the Arctic Islands through our 1.36% interest in Panarctic Oils Ltd.

Your Company's ownership in its affiliate, Dome Petroleum Limited, continues unchanged. It is equivalent to 18% on the basis of stock owned, or 22% when the 5% Subordinated Income Debentures held by Dome Mines and its subsidiaries, are converted into common stock. The 1,785,000 shares owned by Dome Mines had a market value of $77,201,000 based on the 1972 closing bid price on the Toronto Stock Exchange compared with the cost value of $3,206,000. Unaudited financial figures indicate that 1972 net income will approximate $10,800,000 or $1.05 per share, an increase of 5.8% over 1971. The recent crude oil price increase of 20¢ per barrel and the expectations of higher gas and LPG prices that may be realized in 1973 because of the energy shortage, should provide our affiliate the cash flow needed to expand production and to support its exploration budget.

Dome Petroleum continues its stock interest of 4.06% in Panarctic Oils Ltd., the Canadian Government-Industry Consortium that has made several major gas discoveries in the Arctic Islands. On its own land in this area, Dome Petroleum has recently indicated a gas discovery on King Christian Island, which is currently undergoing test. The company has recently expanded its land position in the Arctic, MacKenzie Delta and Canadian East Coast areas by a cash acquisition, which brings its working interest holdings to a total of 23,805,000 net acres from 16,403,000 in the preceding year, and royalty interest in 43,628,000 gross acres from 2,153,000 gross acres at the end of 1971.

Bound with this report are the Annual Reports of our two major subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. The dividends from Campbell provide the largest single source of other income to the parent. Both mines sold their entire production on the free market and no benefits were received under the Emergency Gold Mining Assistance Act. Campbell had a net profit of $4,667,344, a historical high, compared with $2,717,054 in 1971. The net income of Sigma increased from $226,774 to $801,929, another historical high, which includes $127,000 of non-recurring tax credits. The shares of Campbell had a market value of $69,238,000 and a cost value of $1,332,000; Sigma had a market value of $5,943,000 and a cost value of $732,000 both market values based on the 1972 closing bid price on the Toronto Stock Exchange.

In June 1972 the Government of Canada announced its intention to extend the Emergency Gold Mining Assistance Act until June 30, 1976. This together with the decision of the Royal Canadian Mint to pay the equivalent of U.S. $38 for newly mined gold provides a "floor price" should the free market price suffer a substantial reduction. Over the last two decades the Gold Mining Industry owed its existence to the benefits of this Act which offset to some degree unrealistic official gold prices and rising costs of operation.

The scope of the mineral exploration program was again increased with the costs pro-rated between our affiliate company, Dome Petroleum Limited, and our subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. This arrangement was initiated as of January 1, 1969 to apply to all new projects and spreads the costs and benefits as follows: Dome Mines Limited 40%, Campbell Red Lake Mines Limited 21%, Sigma Mines (Quebec) Limited 6% and Dome Petroleum Limited 33%. Exploration projects are reviewed on page eighteen of this report.

Arising from your Company's participation in mineral exploration projects which made mineral discoveries are the greatest part of our holdings in Mattagami Lake Mines Limited and Canada Tungsten Mining Corporation Limited. Mattagami Lake Mines holds a 62½% interest in a zinc refinery at Valleyfield, Quebec which is operated by Canadian Electrolytic Zinc Limited and paid dividends of $1.20 per share which resulted in revenue to Dome Mines of $480,000 in 1972.

Mattagami Lake Mines owns 60% of Mattabi Mines Limited which commenced production at the rate of 3,000 tons per day in the Sturgeon Lake district of western Ontario in August 1972.

The world-wide drop in the price and demand for tungsten concentrates continued to affect the earnings of Canada Tungsten Mining Corporation. Dividends of 10¢ per share were paid during the year having regard to 1971 profits. Dome Mines received $83,040 from this source. At year-end an adit was being driven to investigate the underground tungsten-bearing deposit discovered by surface diamond drilling.

The forces affecting the free market price of gold, that were set in motion in August 1971 when the United States Treasury closed its "gold window" and thus declined to convert dollar claims against it into gold at the then official price of U.S. $35, continued at an accelerated pace in 1972. In January the London price stood at $44 per ounce, rising gradually to the $50 level by May. In that month the U.S. Congress passed legislation which raised the official monetary price to U.S. $38 but did not restore the convertibility of the dollar into gold. With private demand strong, the London price rose to $70 by August and closed the year at $65. The 10% devaluation of the U.S. dollar on February 13, 1973 will have the effect of raising the official price of gold to U.S. $42.22 and at the time of writing this report, gold is trading on the London Bullion Exchange at prices above U.S. $73 per ounce. At the high point in 1972 the free market price was 84% above the U.S. official price of $38. As long as the U.S. Balance of Payments continues in deficit, there seems little doubt but that the free market will continue to be volatile and we would conclude that foreign central banks will be reluctant to pay out gold from their reserves at its "monetary" price of U.S. $42.22 when the free market has touched a point $31 per ounce above this level. Confirmation of this position came in December when the European central banks postponed any settlement of their inter-bank gold debts until 1975. Until that time all existing gold stocks appear to be frozen, including those of the United States whose present reserves are less than half those of the central banks of Europe and Asia. Management's policy will continue to be as low cost an operator as possible with the ore reserves it has developed and to use the new levels of gold prices to attempt to extend the life of our mines with mill feed that heretofore was not commercial at the artificially low official price that prevailed for so many years.

On October 1, 1972, Mr. Charles P. Girdwood retired as General Manager of the Company. He will however, remain as a Vice-President of the Company and will devote considerable time to its affairs. Mr. Harry V. Pyke previously General Superintendent has now been appointed Manager at South Porcupine. Mr. Robert J. Perry previously Mine Superintendent has been appointed General Superintendent. Mr. G. S. Wallace Bruce has been appointed Vice-President Exploration.

Your Directors again wish to record their appreciation for the effective planning and direction by management and staff and to thank all employees for their loyalty and untiring efforts to increase the efficiency of the Company's operations.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

DOME MINE

(Incorporated und

BALANCE SHEETS

(with comparative figur

ASSETS

	Parent Company 1972	Parent Company 1971	Consolidated 1972	Consolidated 1971
Current Assets:				
Cash, including bank term deposits	$ 4,243,028	$ 2,304,831	$ 7,101,144	$ 4,110,894
Bullion on hand and in transit, at estimated net realizable value	1,045,641	478,416	3,172,674	1,596,759
Short term commercial paper, at cost	5,703,691	6,222,413	12,911,302	12,473,212
Marketable securities (schedule attached)	3,070,962	2,592,962	5,165,738	3,987,588
Accounts receivable (note 2)	930,559	1,074,871	545,955	1,123,570
Mining and milling supplies, at cost	958,419	995,860	2,256,886	2,177,581
Deposits and prepaid expenses	2,362	3,193	22,913	21,123
	15,954,662	13,672,546	31,176,612	25,490,727
Investments (schedule attached) (note 3):				
Subsidiary companies	10,740,462	9,054,251		
Other	16,279,136	16,254,852	19,435,578	19,444,469
	27,019,598	25,309,103	19,435,578	19,444,469
Capital Assets:				
Buildings, machinery and equipment, substantially at cost	7,332,403	7,216,915	19,899,234	19,202,561
Less accumulated depreciation	6,897,404	6,812,622	17,826,585	17,504,864
	434,999	404,293	2,072,649	1,697,697
Mining claims and properties at cost less amounts written off (note 4)	1	1	737,383	733,737
	435,000	404,294	2,810,032	2,431,434
	$43,409,260	$39,385,943	$53,422,222	$47,366,630

(See accompanying not

AUDITOR

To the Shareholders of
Dome Mines Limited:

We have examined the balance sheets of Dome Mines Limited, parent company, and of Dome Mines Limited and its subsidiary companies consolidated, as at December 31, 1972 and the related statements of income, earned surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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DECEMBER 31, 1972

: December 31, 1971)

LIABILITIES

	Parent Company 1972	Parent Company 1971	Consolidated 1972	Consolidated 1971
Current Liabilities:				
Salaries and wages payable	$ 290,360	$ 274,506	$ 544,548	$ 499,656
Accounts payable	162,138	148,906	655,510	584,910
Accrued charges	111,197	174,747	198,239	268,772
Accrued taxes	148,887		1,279,274	686,881
Dividends payable	778,667	389,334	1,242,674	621,338
	1,491,249	987,493	3,920,245	2,661,557
Deferred income taxes			142,000	98,000
Minority interest in subsidiary companies			7,441,966	6,208,623
Capital and Surplus:				
Capital —				
Authorized:				
2,000,000 shares of no nominal or par value				
Issued:				
1,946,668 shares	7,000,000	7,000,000	7,000,000	7,000,000
Paid-in surplus	3,606,389	3,606,389	3,606,389	3,606,389
Earned surplus	31,311,622	27,792,061	31,311,622	27,792,061
	41,918,011	38,398,450	41,918,011	38,398,450
	$43,409,260	$39,385,943	$53,422,222	$47,366,630

On behalf of the Board:

J. B. REDPATH, Director.

F. M. FELL, Director.

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In our opinion these financial statements present fairly the financial position of Dome Mines Limited and of that company and its subsidiary companies consolidated, as at December 31, 1972 and the results of their operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 26, 1973.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Dome Mines Limited

STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for the year 1971)

	Parent Company		Consolidated	
Revenue:	1972	1971	1972	1971
Bullion	$8,866,808	$6,038,114	$25,513,842	$17,589,206
Expenditures:				
Development	747,050	961,211	2,118,860*	2,231,651*
Mining	4,878,227	4,792,351	8,903,598	8,692,047
Reduction	1,175,531	1,129,107	2,907,975	2,601,593
Refining and marketing	53,275	48,581	157,540	142,609
General and administrative	441,247	434,509	1,261,402	1,136,866
Taxes other than income	79,407	66,354	171,908	196,728
	7,374,737	7,432,113	15,521,283	15,001,494
Less credit under the Emergency Gold Mining Assistance Act		1,645,000		2,278,250
	7,374,737	5,787,113	15,521,283	12,723,244
	1,492,071	251,001	9,992,559	4,865,962
Deduct:				
Provision for depreciation	126,640	123,691	443,403	399,923
Provision for tax under Provincial Mining Tax Acts			983,500	531,500
	126,640	123,691	1,426,903	931,423
Operating profit	1,365,431	127,310	8,565,656	3,934,539
Add other income:				
Dividends	736,853	865,488	736,853	865,488
Interest on Dome Petroleum Limited income debentures	600,000	600,000	750,000	750,000
Other interest, etc.	555,778	656,380	1,191,552	1,157,967
	3,258,062	2,249,178	11,244,061	6,707,994
Deduct outside exploration expenditures	582,639	482,504	937,365	749,492
Income before provision for income taxes and other items	2,675,423	1,766,674	10,306,696	5,958,502
Provision for income taxes:				
Current	465,500		2,710,500	1,220,000
Deferred			44,000	28,000
	465,500		2,754,500	1,248,000
	2,209,923	1,766,674	7,552,196	4,710,502
Add (deduct):				
Equity in earnings of subsidiary companies (including dividends received of $1,464,595 in 1972 and $1,146,654 in 1971)	3,071,363	1,684,046		
Minority interest in income of partially-owned subsidiary companies			(2,270,910)	(1,259,782)
Income before extraordinary item	5,281,286	3,450,720	5,281,286	3,450,720
Extraordinary item — reduction in 1972 income taxes resulting from carry-forward of prior years' write-offs (parent company — $105,500; subsidiary company, net of minority interest, $79,443)	184,943		184,943	
Net income for the year	$5,466,229	$3,450,720	$ 5,466,229	$ 3,450,720
Per Share:				
Income before extraordinary item			$ 2.71	$ 1.77
Net income for the year			$ 2.81	$ 1.77

* Includes shaft sinking expenditures of subsidiaries: 1972 — $278,276; 1971 — $349,488.

(See accompanying notes to financial statements)

Dome Mines Limited

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for the year 1971)

	Parent Company		Consolidated	
	1972	1971	1972	1971
Source of working capital:				
Operations —				
Income before extraordinary item	$ 5,281,286	$ 3,450,720	$ 5,281,286	$ 3,450,720
Depreciation	126,640	123,691	443,403	399,923
Increase in deferred income taxes			44,000	28,000
Equity in undistributed earnings of subsidiary companies	(1,606,768)	(537,392)		
Minority interest in income of subsidiaries less dividends paid			1,185,786	406,661
	3,801,158	3,037,019	6,954,475	4,285,304
Extraordinary item:				
Reduction in income taxes	105,500		232,500	
Total	3,906,658	3,037,019	7,186,975	4,285,304
Disposition of working capital:				
Dividends	1,946,668	1,557,335	1,946,668	1,557,335
Expenditures on capital assets (net)	157,346	278,768	822,001	841,539
Increase (decrease) in other investments	24,284	48,645	(8,891)	31,802
Total	2,128,298	1,884,748	2,759,778	2,430,676
Net increase in working capital for year	$ 1,778,360	$ 1,152,271	$ 4,427,197	$ 1,854,628
Changes in components of working capital:				
Increase (decrease) in current assets —				
Cash	$ 1,938,197	$ (52,552)	$ 2,990,250	$ 100,484
Bullion	567,225	7,789	1,575,915	472,838
Short term commercial paper	(518,722)	593,672	438,090	521,486
Marketable securities	478,000	420,025	1,178,150	921,150
Accounts receivable	(144,312)	221,176	(577,615)	67,668
Mining and milling supplies	(37,441)	11,403	79,305	77,410
Deposits and prepaid expenses	(831)	(43,432)	1,790	(50,798)
	2,282,116	1,158,081	5,685,885	2,110,238
Increase (decrease) in current liabilities —				
Salaries and wages payable	15,854	5,072	44,892	27,512
Accounts payable	13,232	(6,325)	70,600	109,170
Accrued charges	(63,550)	7,063	(70,533)	(18,936)
Accrued taxes	148,887		592,393	137,864
Dividends payable	389,333		621,336	
	503,756	5,810	1,258,688	255,610
Net increase in working capital for year	1,778,360	1,152,271	4,427,197	1,854,628
Working capital, January 1	12,685,053	11,532,782	22,829,170	20,974,542
Working capital, December 31	$14,463,413	$12,685,053	$27,256,367	$22,829,170

(See accompanying notes to financial statements)

Dome Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS
DECEMBER 31, 1972
(with comparative figures at December 31, 1971)

	Par value or number of shares	Book value (note 1) 1972	1971
Marketable Securities:			
Parent company —			
Government and government guaranteed short term securities ($270,000 par value in 1971)	$ 450,000	$ 449,000	$ 270,250
Corporate bonds ($300,000 par value in 1971)	$ 600,000	598,875	299,625
Cities Service Company, common shares	80,000	2,023,087	2,023,087
		3,070,962	2,592,962
Subsidiary companies —			
Government and government guaranteed short term securities ($596,000 par value in 1971)	$ 1,096,000	1,097,401	597,251
Corporate bonds ($800,000 par value in 1971)	$ 1,000,000	997,375	797,375
Consolidated		$ 5,165,738	$ 3,987,588
(Quoted market values of above "Marketable Securities": 1972 — parent company $4,761,000, consolidated $6,833,000; 1971 — parent company $4,025,000, consolidated $5,422,000)			
Subsidiary Companies:			
Parent company —			
Campbell Red Lake Mines Limited (57% owned — cost $1,331,595)	2,270,105	$ 8,184,373	$ 6,812,137
Sigma Mines (Quebec) Limited (63% owned — cost $731,764)	625,536	2,531,089	2,217,114
Dome Exploration (Canada) Limited (100% owned)	250	25,000	25,000
		$10,740,462	$ 9,054,251
Other Investments:			
Parent company —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988 (note 3)	$12,000,000	$12,000,000	$12,000,000
Shares	1,785,000	3,206,543	3,206,543
Canada Tungsten Mining Corporation Limited:			
Shares (822,800 shares in 1971)	838,000	266,367	242,083
Mattagami Lake Mines Limited:			
Shares (400,000 shares in 1971)	400,000	806,225	806,225
Sundry		1	1
		16,279,136	16,254,852
Subsidiary companies —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988 (note 3)	$ 3,000,000	3,000,000	3,000,000
Local school and municipal debentures ($18,500 par value in 1971)	$ 15,000	14,907	18,407
Sundry		141,535	171,210
Consolidated		$19,435,578	$19,444,469

(Quoted market values of above "Other Investments" including debentures of Dome Petroleum Limited at the market value of shares that would be received if the debentures were converted, and other debentures at their respective par or book values:
1972 — parent company $111,756,300, consolidated $116,505,400;
1971 — parent company $ 86,044,600, consolidated $ 89,825,200)

(See accompanying notes to financial statements)

Dome Mines Limited

STATEMENTS OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for the year 1971)

	Parent Company		Consolidated	
	1972	1971	1972	1971
Balance, January 1	$27,792,061	$25,898,676	$27,792,061	$25,898,676
Add net income for the year	5,466,229	3,450,720	5,466,229	3,450,720
	33,258,290	29,349,396	33,258,290	29,349,396
Deduct dividends declared of $1.00 per share comprising four quarterly dividends of 20¢ each plus an extra dividend of 20¢ (1971 total — 80¢ per share)	1,946,668	1,557,335	1,946,668	1,557,335
Balance, December 31	$31,311,622	$27,792,061	$31,311,622	$27,792,061

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1972

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the wholly-owned subsidiary, Dome Exploration (Canada) Limited and the two partially-owned subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).

Bullion on hand and in transit

Consistent with industry practice, the company has recorded as bullion revenue the estimated net realizable value of unsold bullion produced prior to the year-end.

Investments

Investments in subsidiary companies are carried at cost in the books of the company, but are adjusted to the equity basis in the accompanying financial statements. Accordingly, the carrying value of these investments in the balance sheet of the parent company, unconsolidated, reflects the company's share of undistributed earnings of its subsidiaries since acquisition and the statement of income of the parent company, unconsolidated, reflects the company's equity in the earnings of the subsidiaries for the year.

Marketable securities and other investments are carried at cost except for (a) shares acquired as a result of development work (which are carried at nominal value), and (b) certain other investments which are carried at cost less amounts written off.

Depreciation

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

Mine development and exploration expenditures

All mine development and exploration expenditures are charged against income as incurred.

2. ACCOUNTS RECEIVABLE

	Parent Company		Consolidated	
	1972	1971	1972	1971
Dividends receivable from subsidiary companies	$ 635,881	$ 317,940		
Estimated amount receivable under the Emergency Gold Mining Assistance Act		453,305		$ 646,621
Accrued interest	223,984	184,548	$ 437,251	325,243
Other (including taxes recoverable in 1971)	70,694	119,078	108,704	151,706
	$ 930,559	$1,074,871	$ 545,955	$1,123,570

3. **INVESTMENT IN DOME PETROLEUM LIMITED DEBENTURES**

The Dome Petroleum Limited debentures can be redeemed in whole but not in part, by that company upon not less than 60 days notice after May 15, 1973, at 105% of the principal amount thereof. Prior to redemption, the debentures can be converted into shares at a conversion price of $28.249 per share.

4. **MINING CLAIMS AND PROPERTIES**

The amounts shown for mining claims and properties are made up as follows:

		1972	1971
Dome Mines Limited —			
Mining claims and properties, at nominal value		$ 1	$ 1
Sigma Mines (Quebec) Limited —			
Mining claims and properties, at nominal value	1		
Leasehold properties, at cost	21,500	21,501	21,501
Campbell Red Lake Mines Limited —			
Mining claims and properties, acquired for 1,277,500 shares issued at (with no deduction for ore mined)	197,500		
Excess of cost of Dome's investment in shares of Campbell over underlying book values at date of acquisition	404,539		
Townsite land, at cost	113,842	715,881	712,235
		$ 737,383	$ 733,737

5. **DIRECTORS AND OFFICERS**

The aggregate remuneration of the directors and officers of Dome Mines Limited as defined in Section 122.2 of the Canada Corporations Act was as follows:

To the nine directors, as directors	$ 17,100
To the nine officers (four of whom are also directors), as officers	152,060*

* Includes $28,660 received by the officers from the wholly and partially-owned subsidiaries.

6. **COMMITMENTS**

A subsidiary of the Company, Campbell Red Lake Mines Limited, has completed water and air pollution abatement studies and approved the expenditure in 1973 of approximately $1,000,000 on new facilities and equipment in connection therewith.

REPORT OF THE MANAGER

To the Chairman of the Board, President, Vice-President and Directors:

I submit for your consideration this report on the operations of your Company during the year 1972.

During the year 629,800 tons of ore were treated in the mill. In the course of mining operations 16,700 tons of waste rock were excavated, most of which was used as backfill or placed on surface stock-piles.

The 629,800 tons of ore milled yielded 146,242 ounces of gold, the yield being 0.232 ounces, or 4.64 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. All production was sold on the free market. The price received for gold varied from a low of $48.16 per ounce to a high of $68.42 per ounce in Canadian dollars at the exchange rate in effect at the time of each sale. The average price received for gold sold in 1972 was $58.06 (Canadian) per ounce. This compares with average revenue per ounce of $45.03 received in 1971 which figure includes $35.33 per ounce received from the Royal Canadian Mint and $9.70 under the Emergency Gold Mining Assistance Act.

COSTS:

The expenditure on development was $747,050 or $1.19 per ton as compared with $961,211 or $1.46 per ton milled in 1971.

The expenditure on mining was $4,878,227 or $7.74 per ton as compared with $4,792,351 or $7.28 per ton milled in 1971.

The total operating charges for the year were $7,374,737 or $11.71 per ton as compared with $7,432,113 or $11.30 per ton milled in 1971.

The operating cost per ounce of gold produced was $50.43 as compared with $43.84 in 1971.

DEVELOPMENT:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1972

Level	Drifts	Cross-cuts	Drift and Cross-cut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration & Direction of Mining)
5th								1,340
6th	293			79		19	391	7,408
7th	134		31	139		21	325	5,228
8th	123		24	260		39	446	
9th			26	151	27	21	225	326
10th			26	32		67	125	1,813
11th	153		6	173		28	360	432
12th	123	14	63	189	186	261	836	2,514
13th	613		34	236		100	983	3,545
14th	52		9				61	
15th								1,389
16th				63		12	75	1,196
17th	156		7	367		108	638	10,277
18th	107	351	75	460	70	107	1,170	1,315
19th	28		18	312	8	50	416	
20th								3,671
21st	51		9	353	19	212	644	
22nd			4	16		56	76	
23rd			6		35		41	5,866
24th	366		10	285		223	884	1,583
25th	150	44	37	142		24	397	7,183
26th	32		28	590	77	181	908	
27th	227		4	151		11	393	
28th								1,719
29th			1		120	30	151	3,227
TOTALS	2,608	409	418	3,998	542	1,570	9,545	60,032

Development work amounted to 9,545 feet which compares with 14,196 feet in the previous year. No footage for 1972 is shown for 30th to 37th level in the above summary as No. 7 shaft was closed in 1971. Development work below the sixteenth level was 5,718 feet as compared with 8,317 feet in the previous year. The total of 60,032 feet of core diamond drilling compares with the total of 91,165 feet in 1971. The reduction in diamond drill footage is the result of fewer diamond drill shifts underground and no surface drilling.

MINING:

The 629,800 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	593,600	4.94
From development	36,200	2.39
	629,800	4.79

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per ton	
8th level to surface, No. 3 shaft	28,677	7.03	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft	298,223	5.39	Dev. & Stope Ore
Area serviced by No. 6 internal shaft	302,900	3.99	Dev. & Stope Ore
Total Mine	629,800	4.79	Dev. & Stope Ore
Ore from Ankerite veins (included in the above)	46,868	4.45	Dev. & Stope Ore

ORE RESERVES:

Ore reserves at the close of the year were estimated at 1,590,000 tons with an average grade of 5.33 dwt. as compared with 1,473,000 tons with an average grade of 5.51 dwt. for 1971.

	Tons — 1972	Tons — 1971
Unbroken ore	1,487,000	1,398,000
Broken ore	103,000	75,000
	1,590,000	1,473,000

The higher price of gold which prevailed over the last six months of the year has permitted a number of tons of previously low grade material to be included in the year-end ore reserve calculations. After milling 629,800 tons in 1972, the reserves are 117,000 tons or 8% higher than the comparative figure for 1971. Inclusion of the low grade material has reduced the overall grade by 3.3%.

MILL:

Following are the milling results:

Tons of ore treated	629,800 tons
Average tons per day worked	1,774 tons
Average grade of ore treated	4.79 dwt. per ton
Recovery	4.64 dwt. per ton
Recovery percentage	96.92%

CAPITAL EXPENDITURE:

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine equipment	$ 133,515
Surface building and equipment	25,978
	$ 159,493
Less net book value of retirements	2,147
Net increase	$ 157,346

GENERAL:

There were many factors affecting the operation at Dome during 1972, the most significant of which was a substantial increase in the price received for gold, particularly in the last half of the year. This price increase, together with a further mechanization of the underground operation in terms of ore handling and drilling, resulted in an operating profit of $1,365,431, which is in excess of ten times the 1971 figure. The main factors which affected the operation adversely, were the following: a further decrease in the work force and particularly the level of experience within that force, a continuing unfavourable rate of exchange on the Canadian dollar, increases in wage rates and other employee benefits. Total operating costs for 1972 were slightly lower than in 1971 but reductions in tons milled, average grade of ore treated and ounces produced resulted in increased unit operating costs. These unit costs of $11.71 per ton and $50.43 per ounce of gold produced increased 3.6% and 15.0% respectively. Increased productivity in the last half of the year resulted in an operating cost per ton of $11.24 for that period which is fractionally lower than the comparative figure for the previous year.

The following tabulation of Source of Ore, updated to include 1972 figures, illustrates the various mining methods employed and the increasing importance of long-hole mining.

Source of Ore	Tonnage					% of Ore Milled				
	1972	1971	1970	1969	1968	1972	1971	1970	1969	1968
Cut-and-fill stopes	361,600	368,800	412,000	486,900	503,700	57.4	56.0	59.7	69.0	70.7
Shrinkage stopes	32,100	42,100	89,400	69,800	48,100	5.1	6.4	13.0	9.9	6.7
Long-hole stopes	199,900	194,800	150,700	92,900	65,600	31.7	29.6	21.8	13.2	9.2
Development ore	36,200	52,300	38,300	55,900	95,500	5.8	8.0	5.5	7.9	13.4
Totals	629,800	658,000	690,400	705,500	712,900	100.0	100.0	100.0	100.0	100.0

On January 1, 1972, five units of air-powered and one unit of diesel-powered load-haul-dump equipment were being used in the mine; on January 1, 1973 the numbers had increased to eight and two respectively. An electrically-powered unit was added in early 1973. Similarly the number of mobile, multiple drill rigs has increased from one to five within the year.

The shortage of labour continues to be acute with the total work force lower by 7.2% at year-end compared to the previous year. The turnover of employees is higher than it has been in past years and replacements are largely inexperienced. The on-the-job training program, partially supported by both Federal and Provincial governments, was continued for the sixth consecutive year in an attempt to upgrade the mining skills of our work force. This labour shortage has forced a closure of many narrow, high cost and low production stopes in favour of wider, lower grade and high production stopes where, in many instances, mechanization is applicable. This selection of work places, the redistribution of manpower and the application of mechanized equipment have resulted in a 31% increase in tons per man-shift in cut-and-fill stoping compared to the previous year.

From the tabulation on page 13 it will be noted that the development footage decreased 33% to 9,545 feet; approximately 77% of this work was stope development and extensions of known ore zones. The remaining 23% was directed toward exploration of possible ore zones previously indicated by diamond drilling. At higher prices for gold a number of these zones are attractive for further exploration and a substantial increase in the rate of development is now warranted. Enlarged programs will be carried out as crews can be trained or experienced miners become available.

During the year the mill operated at an average rate of 1,774 tons per day which is 11% below plant capacity. However, in the last quarter, due to improved conditions underground previously referred to, the mill tonnage returned to full capacity averaging 1,978 tons per day. The recovery declined for the year due mainly to treatment of a substantial quantity of refractory, oxidized ore from mining of old sill pillars. The unit cost of ore reduction, due to lower tonnage and higher labour costs, increased 15¢ per ton. The increased price for gold made it economical to treat ore of a 10% lower grade than in the previous year and when combined with the lower tonnage, resulted in a decrease in production of 23,289 ounces.

The table on the page immediately following sets out expenditures of the Company and location of suppliers and illustrates the direct and indirect effect that the Mining and Mineral Industry, and Dome Mines in particular, have on the livelihood of many Canadians.

The year under review was successful due in large measure to the co-operation, support and efficiency of the heads of departments and their staffs, together with the loyal service of employees. I acknowledge also the support and helpful counsel of the Chairman of the Board, the President, the Vice-President and the Directors.

Respectfully submitted,

HARRY V. PYKE,
Manager.

South Porcupine, Ontario,
February 12, 1973.

Dome Mines Limited

Total amount of wages and salaries		$4,695,737
Taxes (Provincial and Municipal)		81,084
Workmen's Compensation Board of Ontario Assessments		328,922
Unemployment Insurance		51,897
Cost of Canada Pension Plan, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits		302,027
Total Equipment, Supplies and Services:		
Mine Equipment, Supplies and Services	$1,191,441	
Mill Equipment, Supplies and Services	216,708	
Electric Power	345,956	
General Surface Equipment, Supplies and Services	1,071,313	
Natural Gas Heating	47,835	2,873,253

Principal Cities and Towns in Canada which Benefit

Acton
Agincourt
Ajax
Arnprior
Atikokan

Balmertown
Beachville
Belleville
Bramalea
Brockville
Burlington

Calgary
Chaput-Hughes
Clarkson
Cochrane
Concord
Connaught
Copper Cliff
Corunna

Don Mills
Dorval
Downsview
Dryden
Dundas
Dunnville

Edmonton
Elliot Lake
Erindale

Farnham
Fort Erie
Fredericton

Galt
Gananoque
Georgetown
Geraldton
Granby
Grimsby
Guelph

Hagersville
Haileybury
Halifax
Hamilton
Hull

Ingersoll

Jellicoe

Kamloops
Kenora
Kirkland Lake
Kitchener

Lac Du Bonnet
Lachine
La Salle
Leaside
Lindsay
London
Long Branch

Malartic
Malton
Mimico
Mississauga
Montreal
Montreal East
Mount Forest

Nakina
Nelson
Newcastle
New Glasgow
New Hamburg
Newmarket
Nobel
Noranda
North Bay

Oakville
Orillia
Oshawa
Ottawa
Owen Sound

Peterborough
Pickering
Pierrefonds
Plessisville
Pointe Claire
Porcupine
Port Credit
Port Elgin

Quebec

Redditt
Red Lake
Regina
Renfrew
Rexdale
Richmond Hill
Rouyn
Roxboro

St. Boniface
St. Catharines

St. Hyacinthe
St. Jean
St. John's
St. Laurent
St. Sauveur Des Monts
St. Thomas
Sarnia
Sault Ste. Marie
Scarborough
Schumacher
Sioux Lookout
South Porcupine
Stoney Creek
Sudbury
Swastika

Thornbury
Thornhill
Thunder Bay
Tillsonburg
Timmins
Toronto

Unionville

Val d'Or
Val Gagne
Vancouver
Victoria

Walkerville
Waterloo
Watson Lake
Weston
Whitby
Willowdale
Windsor
Winnipeg

Number of Communities, Companies and Individuals through whom Supplies and Services are Purchased

	Communities	Companies and Individuals
Alberta	2	7
British Columbia	4	13
Manitoba	2	19
New Brunswick	2	3
Newfoundland	1	1
Nova Scotia	2	3
Ontario	93	372
Quebec	22	73
Saskatchewan	1	3
Yukon Territory	1	2
Great Britain	3	3
United States of America	16	19
	149	518

Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

REPORT OF THE PRESIDENT

Toronto, Ontario,
February 16, 1973.

To the Chairman of the Board and Directors of
Dome Mines Limited:

As approved at the Annual Meeting of Dome Mines Limited in April, 1959, all new exploration ventures were to be shared with the subsidiary companies on the following basis:

Dome Mines Limited	60%
Campbell Red Lake Mines Limited	30%
Sigma Mines (Quebec) Limited	10%

Starting January 1st, 1969, Dome Petroleum Limited was included in the joint ventures with respect to new projects on the following basis:

Dome Mines Limited	40%
Dome Petroleum Limited	33%
Campbell Red Lake Mines Limited	21%
Sigma Mines (Quebec) Limited	6%

This permitted, once again, a further enlarged and aggressive exploration program in 1972.

In the following report, where outside partners participate, the term "Dome Group", followed by a percentage figure, indicates the amount of participation of either the Group of three or four companies of the Dome Group as listed above.

The 1972 exploration program involved twenty-eight major projects, all of which were managed and financed by your Group. In addition, your Group participated in twelve major exploration ventures with others; this does not include participation in Panarctic Oils Ltd., which is described in the Report of the Directors of Dome Mines Limited.

The above program included seventeen new projects and eleven projects which were carried over from 1971. Nineteen of the projects on which work was carried out in 1972 will be continued in 1973.

Included in the above are five separate airborne E.M. survey projects, totalling approximately 1100 line-miles, five major drilling programs involving fifty-five drill holes, the staking of the equivalent of 673 claims on behalf of your Group and the optioning of 420 claims. In the search for base metal deposits in the Canadian Shield, approximately 790 line-miles of ground geophysical surveys were completed.

QUEBEC:

On a property acquired in 1971 by your Group (Dome Group, 100%) in a heavily overburdened volcanic belt, four holes were drilled for a total of 1,223 feet to explore geophysical indications on a favourable portion of the property. Although no economic mineralization was found in the drilling, the area was considered sufficiently interesting to warrant the staking of an additional 110 claims and the optioning of two properties totalling 40 claims. After the initial drilling program, further ground geophysical surveys totalling 87 line-miles were completed. A number of anomalies were delineated and these will be drilled in 1973.

During 1972 a regional airborne geophysical survey was carried out by the Quebec Department of Natural Resources in northwestern Quebec. Upon the release of the results, your Group (Dome Group, 100%) staked four properties aggregating 5,900 acres. After staking, ground geophysical surveys were carried out over 154 line-miles to cover the indicated airborne anomalies. A number of these will be drilled early in 1973.

During the latter part of 1972, your Group (Dome Group, 100%) acquired, by option, an area nine miles long by two miles wide along the strike of a former low-grade zinc producer. By year-end, ground geophysical surveys had been completed over 118 line-miles and will continue in 1973.

Late in 1972 the Quebec Department of Natural Resources released the results of a second major airborne geophysical survey covering the area between Normetal and the Mattagami Road. Once again, your Group (Dome Group, 100%) succeeded in staking five properties aggregating 6,300 acres on geophysical anomalies in pre-selected portions of the area.

Your Group (Dome Group, 100%) acquired by staking approximately 500 acres which included an old gold prospect in northwestern Quebec. An exploration program will be carried out on this prospect during 1973.

ONTARIO:

During 1971, your Group (Dome Group, 100%) completed an airborne geophysical survey of a comparatively unexplored volcanic belt in northwestern Ontario. Claims were staked and in 1971 and 1972 ground geophysical surveys were carried out to accurately assess the airborne geophysical anomalies. During 1972 a geological examination was made of all the anomalies and a number of them were selected for drilling in 1973.

The drilling phase of another airborne geophysical survey, initiated in 1971, was completed in 1972. This project involved the drilling of twenty-one holes for a total of 7,135 feet. A number of strong sulphide zones were discovered in areas geologically similar to known and productive mining camps. However, no economic mineralization was encountered.

In 1971 your Group (Dome Group, 100%) carried out an extensive drilling program on a copper prospect in northwestern Ontario, showing disseminated chalcopyrite in intrusive rocks. Twenty-five adjacent claims were optioned for protection. An examination of the latter claims indicated that widespread, though sparse, copper mineralization was present in the volcanic rocks. An airborne geophysical survey was carried out covering the protection claims plus a nearby area of similar lithology. As a result, 23 additional claims were staked. A number of geophysical anomalies were indicated by the survey and will be tested by drilling in 1973.

A group of sixteen claims was staked by your Group (Dome Group, 100%) during 1971. This property, located in the Timmins area, covered a previously untested geophysical anomaly. During 1972 a geophysical survey involving 7.3 line-miles was completed and showed the anomaly to be so weak that no further action is contemplated.

In 1971 a group of four claims was staked (Dome Group, 100%) in the Timmins area and a ground geophysical survey involving 4.7 line-miles failed to disclose any targets of interest.

In 1972 your Group (Dome Group, 100%) optioned a 15-claim property in the Timmins area. For additional protection your Group staked eighteen adjacent claims. On the combined claim group, electromagnetic surveys over 23.8 line-miles disclosed several anomalies. A drill program involving seven holes for a total of 3,658 feet indicated graphitic sediments and barren sulphides.

Twelve claims were staked by your Group (Dome Group, 100%) in another portion of the Timmins area. Drilling and geophysics had been carried out on this property by previous owners but because of its location a more rigorous geophysical exploration program was justified. This involved 10.6 line-miles of a geophysical survey. Four anomalies will be drilled in 1973.

An airborne survey carried out by your Group (Dome Group, 100%) in the Sudbury area failed to find an anomaly worth additional work.

Also as a result of research carried out by your Group (Dome Group, 100%) an airborne geophysical survey was completed over an area in northeastern Ontario in which a large rhyolite mass, with associated pyroclastics, lies along a major "break" and apparently has had little work done on it in the past. The airborne survey involved approximately 527 line-miles and only one weak anomaly was found.

Your Group (Dome Group, 100%) optioned a six-claim property on which a newly-discovered copper prospect had been found by the owners and additional claims were staked and optioned. An airborne geophysical survey, covering 230 line-miles, was completed and indicated several anomalies. Ground geophysical surveys totalling 28 line-miles on the discovery area and 69 line-miles on the outlying anomalies were completed. A drilling program involving 3,000 feet in 9 holes showed only minor non-economic copper mineralization. Drilling on the outlying anomalies will be carried out in 1973.

A total of 132 claims was acquired by your Group (Dome Group, 100%) by staking and optioning. Airborne geophysics indicated, and ground geophysics confirmed, a number of anomalies which will be drilled in 1973.

As in previous years, your Group (Dome Group, 100%) maintained an active prospecting party based in northwestern Ontario. During 1972 this party staked a 24-claim property on which minor copper mineralization was found in an area of widespread overburden. A ground geophysical survey amounting to 8.5 line-miles was carried out and no drill targets were found.

Your Group, with outside partners (Dome Group, 17%) participated in a drilling program on a silver prospect in northern Ontario. No economic mineralization was found.

MANITOBA:

Your Group (Dome Group, 100%) acquired, by staking, a 30-claim property in northern Manitoba. In past years exploration on this property had demonstrated the presence of interesting amounts of gold in an unusual geologic environment. Field work, to further evaluate the potential of the property, is scheduled for 1973.

WESTERN CANADA:

Exploration carried out by your Group in British Columbia was entirely by way of carefully-selected joint ventures of a continuing nature. During 1972 your Group participated in five major joint ventures and three smaller joint ventures, each with outside partners.

On one of these joint ventures a drilling program, involving 12 holes for a total of 5,231 feet, was completed. Further work may be warranted in 1973.

Your Group also participated in four other major joint ventures which carried out regional exploration in the interior of British Columbia. Dome Group interests in these joint ventures vary from 33⅓% to 50%. Each of these ventures will continue in 1973 with efforts being divided between continuing regional exploration and detailed exploration on areas of specific interest which resulted from the 1972 program.

ALASKA:

The program carried out in Alaska, unlike most of the preceding ventures, was carried out by Dome Mines Limited and an outside partner (without participation of subsidiary and affiliated companies, as these programs were originally initiated before 1959). Dome Mines Limited has a 33⅓% interest in a continuing helicopter-supported regional prospecting program in Alaska. In addition to regional exploration, a detailed program was carried out on a prospect which had been optioned in 1971. In addition, two new copper prospects were discovered and further detailed exploration is planned on these prospects for the 1973 field season.

GENERAL:

Your Group (Dome Group, 4%) participated in a major international consortium to carry out a sea-test of a system for mining metal-bearing manganese nodules from the deep ocean floor. Results of the test are still being evaluated.

Your Group participated in various prospecting ventures organized by individual prospectors in Ontario, British Columbia and the Northwest Territories.

In addition to the above, 170 routine proposals were brought to the attention of your Group. Fourteen of these proposals resulted in field examinations.

Yours faithfully,

JAMES B. REDPATH,
President.

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1972

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

HEAD OFFICE AND LOCATION OF MINE
Township of Bourlamaque, County of Abitibi, Province of Quebec
(Post Office: Val d'Or, Quebec, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD
40 Wall Street, New York, N.Y. 10005

ADDRESS OF THE PRESIDENT
360 Bay Street, Suite 702, Toronto, Ont. M5H 2V9

ADDRESS OF THE SECRETARY
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

REGISTRAR AND TRANSFER AGENT
Canada Permanent Trust Company
320 Bay Street, Toronto, Ont. M5H 2P6, and
600 Dorchester Blvd. West, Montreal 101, Que.

DIRECTORS

Clifford W. Michel	New York, N.Y.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.
Kenneth D. Watson	Pacific Palisades, Calif.
Charles P. Girdwood	Prescott, Ont.
John H. Hough	Toronto, Ont.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Fraser M. Fell
Treasurer	Edmund J. Andrecheck
Assistant Secretary	John H. Hough
General Manager	Malcolm A. Taschereau
General Superintendent	Gordon Michaelson

AUDITORS
Clarkson, Gordon & Co., Toronto, Ont. M5K 1J7

GENERAL COUNSEL
Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

COMPARATIVE SUMMARY

	1972	1971
Tonnage Milled	519,553	509,904
Ounces Gold Produced	85,614	90,159
Average Price realized per ounce on sales during the year (1971 includes E.G.M.A. of $7.02 per ounce)	$56.96	$43.38
Value of Bullion (1971 includes $633,250 E.G.M.A.)	$5,050,763	$3,939,386
Operating Costs	$4,001,574	$3,667,669
Net Income	$ 801,929	$ 226,774
Income per share before extraordinary item	$0.67	$0.23
Net Income per share	$0.80	$0.23
Current Assets	$3,381,045	$2,579,245
Current Liabilities	$ 648,219	$ 395,650
Working Capital	$2,732,826	$2,183,595
Number of Shareholders — December 31	536	600
Dividends Declared	$ 300,000	$ 200,000
Dividends declared per share	$0.30	$0.20
Shares Issued	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1972)

Toronto, Ontario,
February 15, 1973.

To the Shareholders of
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Changes in Financial Position, together with the Reports of the Auditors thereon and the Report of the General Manager, covering the financial year ended December 31, 1972.

The gross production for 1972 was 85,614 ounces of gold as compared with 90,159 ounces for 1971.

The operating profit before deducting depreciation, tax under the Quebec Mining Duties Act, outside exploration expenses and provision for income taxes was $1,049,189. The non-operating revenue amounted to $152,569. These combined gave a total of $1,201,758. Depreciation amounted to $87,578. Outside exploration expenses amounted to $81,751 leaving profits of $1,032,429 before Federal and Provincial taxes. After providing $73,500 for Provincial mining tax and $284,000 for income taxes, income before extraordinary items was $674,929. A reduction of $127,000 in income taxes resulting from losses and other items carried forward from prior years increased the net income to $801,929 compared with $226,774 a year ago.

Enhanced gold prices resulted in total revenue and net profit at a historical high for the mine; notwithstanding unit operating costs being increased by 7.1% and grade of ore milled decreased by 7.0%.

A lower grade of ore mined allowed greater flexibility in the mining schedule and in the long term prolongs the life of the mine. It should be noted that the reduction in income taxes due to extraordinary items carried forward from prior years, is non-recurring.

All production for the year was sold on the free market, the average price obtained for gold sales being $56.96 per ounce. This compares with average revenue per ounce of $43.38 received in 1971, which figure included benefits received under the Emergency Gold Mining Assistance Act for production sold to the Royal Canadian Mint.

In June 1972 the Government of Canada announced its intention to extend the Emergency Gold Mining Assistance Act until June 30, 1976. This together with the decision of the Royal Canadian Mint to pay the equivalent of U.S. $38.00 for newly mined gold provides a "floor price" should the free market price suffer a substantial reduction.

Both the gold industry and their communities have been dependent on the benefits received from E.G.M.A. over the many years of unrealistic official gold prices and ever increasing operating costs.

Shaft sinking to give access to an additional four levels was started in August. This caused a lessening in

the rate of development of the previously established six lower levels. Development of these six levels continued to show disappointing results as to size and grade of ore shoots.

Your Company continues to hold $1 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures provide income and diversification inasmuch as they are convertible into common stock of Dome Petroleum at a conversion price of $28.25 per share. Dome Petroleum had a satisfactory year with unaudited financial statements showing a cash flow of $17 million and net profits estimated at $10.8 million, an increase of 5.8% over the preceding year.

Additional interest in oil exploration is given by your Company's participation in Panarctic Oils Ltd., which continues to explore the Arctic Archipelago and has made several major gas discoveries.

Your Company continued to participate with the parent company, Dome Mines Limited and associated companies, Campbell Red Lake Mines Limited and Dome Petroleum Limited in a mineral exploration program conducted by Dome Exploration (Canada) Limited. Your Company's share in this is 6% of all projects initiated from January 1, 1969. Details of the exploration program appear on page twelve of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"The forces affecting the free market price of gold, that were set in motion in August 1971 when the United States Treasury closed its 'gold window' and thus declined to convert dollar claims against it into gold at the then official price of U.S. $35, continued at an accelerated pace in 1972. In January the London price stood at $44 per ounce, rising gradually to the $50 level by May. In that month the U.S. Congress passed legislation which raised the official monetary price to U.S. $38 but did not restore the convertibility of the dollar into gold. With private demand strong, the London price rose to $70 by August and closed the year at $65. The 10% devaluation of the U.S. dollar on February 13, 1973 will have the effect of raising the official price of gold to U.S. $42.22 and at the time of writing this report, gold is trading on the London Bullion Exchange at prices above U.S. $73 per ounce. At the high point in 1972 the free market price was 84% above the U.S. official price of $38. As long as the U.S. Balance of Payments continues in deficit, there seems little doubt but that the free market will continue to be volatile and we would conclude that foreign central banks will be reluctant to pay out gold from their reserves at its 'monetary' price of U.S. $42.22 when the free market has touched a point $31 per ounce above this level. Confirmation of this position came in December when the European central banks postponed any settlement of their inter-bank gold debts until 1975. Until that time all existing gold stocks appear to be frozen, including those of the United States whose present reserves are less than half those of the central banks of Europe and Asia. Management's policy will continue to be as low cost an operator as possible with the ore reserves it has developed and to use the new levels of gold prices to attempt to extend the life of our mines with mill feed that heretofore was not commercial at the artificially low official price that prevailed for so many years."

Your Directors record their appreciation of the planning and supervision of the management and staff and for the continued loyal and co-operative services of all employees.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

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BALANCE SHEE

(with comparative figu

ASSETS

	1972	1971
Current Assets:		
Cash, including bank term deposits	$ 855,221	$ 424,025
Bullion on hand and in transit, at estimated net realizable value	595,258	396,124
Short term commercial paper, at cost	1,000,000	798,891
Government of Canada bonds, at cost (quoted market value 1972 — $312,000; 1971 — $217,000)	350,000	250,000
Accounts receivable (including accrued interest and in 1971 the estimated amount receivable under the Emergency Gold Mining Assistance Act)	47,114	228,152
Mining and milling supplies, at cost	525,035	465,181
Prepaid expenses	8,417	16,872
	3,381,045	2,579,245
Investments:		
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988 (note 2)	1,000,000	1,000,000
Shares of other mining companies, at cost less amounts written off	1	1
	1,000,001	1,000,001
Capital Assets:		
Buildings, machinery and equipment, at cost	4,645,395	4,607,445
Less accumulated depreciation	4,353,451	4,268,199
	291,944	339,246
Mining claims and properties, at nominal value	1	1
Leasehold properties, at cost	21,500	21,500
	313,445	360,747
	$4,694,491	$3,939,993

(See accompanying n

AUDITO

To the Shareholders of
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited as at December 31, 1972 and the related statements of income, earned surplus and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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laws of Quebec)

ECEMBER 31, 1972

December 31, 1971)

LIABILITIES

	1972	1971
Current Liabilities:		
Salaries and wages payable	$ 147,118	$ 121,996
Accounts payable	169,303	160,022
Accrued charges	22,194	6,275
Accrued taxes	109,604	7,357
Dividends payable	200,000	100,000
	648,219	395,650
Capital and Surplus:		
Capital authorized and issued —		
1,000,000 shares of $1 par value	1,000,000	1,000,000
Earned surplus	3,046,272	2,544,343
	4,046,272	3,544,343
	$4,694,491	$3,939,993

On behalf of the Board:

J. B. REDPATH, Director.

F. M. FELL, Director.

financial statements)

PORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of Sigma Mines (Quebec) Limited as at December 31, 1972 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 26, 1973.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for the year 1971)

	1972	1971
Revenue:		
Bullion	$5,050,763	$3,306,136
Expenditures:		
Development (includes shaft sinking expenditures of $148,410 in 1972)	549,912	424,251
Mining	2,431,001	2,313,942
Reduction	649,668	592,453
Refining and marketing	25,433	18,681
General and administrative	309,747	277,744
Taxes other than income	35,813	40,598
	4,001,574	3,667,669
Less credit under the Emergency Gold Mining Assistance Act		633,250
	4,001,574	3,034,419
	1,049,189	271,717
Deduct:		
Provision for depreciation	87,578	100,244
Provision for tax under the Quebec Mining Duties Act	73,500	6,500
	161,078	106,744
Operating profit	888,111	164,973
Add:		
Interest on Dome Petroleum Limited income debentures	50,000	50,000
Other interest, etc.	102,569	74,152
	1,040,680	289,125
Deduct outside exploration expenses	81,751	62,351
Income before income taxes and extraordinary item	958,929	226,774
Provision for income taxes	284,000	
Income before extraordinary item	674,929	226,774
Reduction in income taxes resulting from carry-forward of prior years' write-offs	127,000	
Net income for the year	$ 801,929	$ 226,774
Per share:		
Income before extraordinary item	$ 0.67	$ 0.23
Net income for the year	$ 0.80	$ 0.23

(See accompanying notes to financial statements)

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1972

(with comparative figures for the year 1971)

	1972	1971
Source of working capital:		
Operations —		
Income before extraordinary item	$ 674,929	$ 226,774
Depreciation	87,578	100,244
	762,507	327,018
Extraordinary item — reduction in income taxes	127,000	
Total	889,507	327,018
Disposition of working capital:		
Dividends	300,000	200,000
Expenditures on capital assets (net)	40,276	64,331
Total	340,276	264,331
Net increase in working capital for year	$ 549,231	$ 62,687
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash	$ 431,196	$ 104,989
Bullion	199,134	225,689
Short term commercial paper	201,109	(87,368)
Government of Canada bonds	100,000	
Accounts receivable	(181,038)	(138,691)
Mining and milling supplies	59,854	(42,969)
Deposits and prepaid expenses	(8,455)	783
	801,800	62,433
Increase (decrease) in current liabilities —		
Salaries and wages payable	25,122	13,672
Accounts payable	9,281	26,300
Accrued charges	15,919	(37,907)
Accrued taxes	102,247	(2,319)
Dividends payable	100,000	
	252,569	(254)
Net increase in working capital for year	549,231	62,687
Working capital, January 1	2,183,595	2,120,908
Working capital, December 31	$2,732,826	$2,183,595

(See accompanying notes to financial statements)

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for the year 1971)

	1972	1971
Balance, January 1	$2,544,343	$2,517,569
Add net income for the year	801,929	226,774
	3,346,272	2,744,343
Deduct dividends declared of 30¢ including an extra dividend of 10¢ per share (20¢ per share in 1971)	300,000	200,000
Balance, December 31	$3,046,272	$2,544,343

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1972

1. **Summary of significant accounting policies**

Bullion on hand and in transit

Consistent with industry practice, the company has recorded as bullion revenue the estimated net realizable value of unsold bullion produced prior to the year-end.

Investments

Marketable securities and other investments are carried at cost except for certain shares in other mining companies which are carried at cost less amounts written off.

Depreciation

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

Mine development and exploration expenditures

All mine development and exploration expenditures are charged against income as incurred.

2. **Investment in Dome Petroleum Limited debentures**

The Dome Petroleum Limited debentures can be redeemed, in whole but not in part, by that company upon not less than 60 days notice after May 15, 1973, at 105% of the principal amount thereof. Prior to redemption, the debentures can be converted into shares at a conversion price of $28.249 per share.

The quoted market value at December 31, 1972 of the shares that would be received if the debentures were converted would be $1,531,007 (1971 — $1,185,867).

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1972 is submitted for your consideration.

During the year 550,623 tons were hoisted, of which 519,553 tons were ore and 31,070 tons were waste.

The 519,553 tons of ore milled yielded bullion containing 85,614 ounces of gold, the average yield being 0.1648 ounces or 3.30 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight.

All production was sold on the free market. The average price realized on sales during the year was $56.96 per ounce in Canadian dollars at the exchange rate in effect at the time of each sale. This compares with average revenue per ounce of $43.38 Canadian received in 1971 when sales were made both on the free market and also to the Royal Canadian Mint and include benefits received under the Emergency Gold Mining Assistance Act.

MINING:

Broken ore totalling 356,050 tons remains in the stopes, an increase of 22,830 tons from the previous year.

Stoping operations were distributed between the 10th and the 36th levels.

Ore produced from cut-and-fill stopes amounted to 34.7% of the total stope production.

During the year stoping was continued on the ground leased from our wholly-owned subsidiary, Gamma Mines (Quebec) Limited.

Waste returned to empty stopes as backfill amounted to 22,455 tons. In addition 79,369 tons of classified mill tailings were placed underground as hydraulic fill.

DEVELOPMENT:

Development work amounted to 9,479 feet and was distributed from the 11th to the 36th levels. The lateral development was largely confined to the further outlining of known zones.

During the year the orepass system from the 30th level loading pocket up to the 25th level was completed.

A program to deepen the No. 3 internal shaft to provide four additional mining levels at 200-foot vertical intervals plus depth for a loading pocket was commenced in August, 1972. At year-end the shaft bottom had reached the 38th level horizon. The shaft on completion of the program will be 5,965 feet below surface.

Diamond drilling totalling 41,208 feet was done in search of new ore and as a guide to mining.

The following table shows details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1972

Level	Shaft	Stations	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
Surface	...	..	...	...	...	..	...	2,316
11th	...	..	127	...	...	..	127	1,672
13th	...	..	...	...	165	42	207	....
14th	...	..	916	410	...	76	1,402	5,118
17th	...	..	290	...	103	20	413	1,632
18th	...	..	42	199	108	34	383	....
19th	...	..	...	...	21	..	21	2,424
20th	...	..	302	205	...	72	579	1,348
21st	...	..	...	...	...	..	...	3,244
22nd	...	..	...	...	...	..	...	2,278
23rd	...	..	4	...	...	..	4	....
24th	...	..	161	...	...	3	164	263
25th	...	..	..	...	7	8	15	2,848
26th	...	..	...	...	193	27	220	5,012
27th	...	..	...	...	222	17	239	1,963
28th	...	..	247	...	235	33	515	878
29th	...	..	1,303	621	...	98	2,022	4,711
30th	...	..	669	88	248	41	1,046	1,172
31st	...	..	96	59	...	12	167	....
33rd	...	..	392	...	...	23	415	2,122
34th	...	..	17	...	120	96	233	....
35th	...	..	442	49	...	26	517	....
36th	...	..	331	...	121	24	476	2,207
37th	...	26	...	...	...	..	26	....
No. 3 Shaft	288	..	...	...	...	..	288	....

ORE PRODUCTION:

The mine produced 519,553 tons of ore during the year which averaged 3.44 dwt. The stopes produced 499,259 tons averaging 3.50 dwt. and development work produced 20,294 tons averaging 1.98 dwt. This represents an increase of 9,649 tons from the 509,904 tons produced in 1971.

ORE RESERVES:

The ore reserves are estimated at 1,222,850 tons, an increase of 930 tons from the previous year. The reserves include 356,050 tons of broken ore.

A summary of ore reserves and total tonnage of ore extracted from stopes to the end of 1972 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (Dwt. per Ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1972
Surface to 1st Level	5,000	8.11	.....	30,918
1st Level to 2nd Level	....	...	.....	493,191
2nd Level to 3rd Level	....	...	.....	1,021,610
3rd Level to 4th Level	....	...	.....	963,214
4th Level to 5th Level	....	...	.....	813,543
5th Level to 6th Level	....	...	.....	790,696
6th Level to 7th Level	....	...	.....	737,190
7th Level to 8th Level	2,000	4.38	.....	835,740
8th Level to 9th Level	....	...	.....	729,433
9th Level to 10th Level	16,700	4.05	30	493,086
10th Level to 11th Level	15,000	4.31	14,170	494,141
11th Level to 12th Level	3,600	3.08	70,980	756,623
12th Level to 13th Level	13,700	4.31	31,760	531,454
13th Level to 14th Level	68,900	5.11	10,930	272,197
14th Level to 15th Level	54,100	5.47	1,990	372,826
15th Level to 16th Level	3,600	3.78	.....	615,789
16th Level to 17th Level	13,900	3.88	5,060	594,641
17th Level to 18th Level	84,600	4.75	97,600	607,396
18th Level to 19th Level	47,100	3.90	14,870	260,748
19th Level to 20th Level	16,000	3.94	72,310	314,496
20th Level to 21st Level	35,100	3.89	360	63,507
21st Level to 22nd Level	43,200	4.48	30,620	182,914
22nd Level to 23rd Level	65,400	4.28	300	312,314
23rd Level to 24th Level	29,800	3.91	2,540	281,816
24th Level to 25th Level	21,100	4.65	220	25,971
25th Level to 26th Level	31,100	3.62	350	29,905
26th Level to 27th Level	35,500	4.21	130	28,805
27th Level to 28th Level	27,500	4.70	430	22,552
28th Level to 29th Level	42,700	4.74	800	25,256
29th Level to 30th Level	24,700	4.47	.....	37,203
30th Level to 31st Level	33,300	4.41	.....	.....
31st Level to 32nd Level	13,600	4.47	.....	.....
32nd Level to 33rd Level	24,200	3.93	.....	9,282
33rd Level to 34th Level	27,300	4.45	390	16,474
34th Level to 35th Level	19,300	4.44	210	17,207
35th Level to 36th Level	48,800	4.02	.....	19,738
	866,800	4.44	356,050	12,801,876

MILL:

The following are the results of milling operations for the year 1972:

Average daily tons milled	1,420	
Tons of ore treated	519,553	
Average grade of ore treated	3.44	dwt. per ton
Recovery	3.30	dwt. per ton
Recovery percentage	95.77%	

COSTS:

The expenditure on mining was $2,431,001 or $4.68 per ton milled.

The expenditure on development (including shaft sinking) was $549,912 or $1.06 per ton milled.

The expenditure on milling was $649,668 or $1.25 per ton milled.

The operating costs including refining, handling and sales expenses were $7.70 per ton milled as compared with $7.19 for the previous year.

CAPITAL EXPENDITURES:

Net capital expenditures for the year totalled $40,276. The main expenditures were for a sinking hoist installation and No. 3 shaft services underground, spare parts for the mill and office equipment.

The details of changes in the plant and equipment are as follows:

Additions:	
Mine equipment	$ 28,464
Reduction equipment	9,593
Surface equipment	3,346
	$ 41,403
Less net book value of retirements	1,127
Net increase	$ 40,276

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in those projects which originated before January 1, 1969, and a 6% interest in the substantially increased exploration campaign which started on January 1, 1969:

Quebec:

A participation in the acquisition of claims in a heavily overburdened volcanic belt on which four holes were drilled for a total of 1,223 feet. Although no economic mineralization was found in the drilling, the area was considered sufficiently interesting to warrant the staking of an additional 110 claims and the optioning of two properties totalling 40 claims. Further ground geophysical surveys totalling 87 line-miles were completed. A number of anomalies were delineated and these will be drilled in 1973.

A participation in the staking of four properties aggregating 5,900 acres. These properties were staked on the basis of a regional airborne geophysical survey carried out by the Quebec Department of Natural Resources. After staking, ground geophysical surveys were carried out over 154 line-miles to cover the indicated airborne anomalies. A number of these will be drilled in 1973.

A participation in the optioning of an area nine miles long by two miles wide along the strike of a former low-grade zinc producer. By year-end ground geophysical surveys had been completed over 118 line-miles and will continue in 1973.

A participation in the staking of five properties aggregating 6,300 acres, based upon the release of a second airborne geophysical survey carried out by the Quebec Department of Natural Resources.

A participation in the staking of approximately 500 acres on an old gold prospect in northwestern Quebec. An exploration program will be carried out on this prospect in 1973.

Ontario:

A participation in an airborne geophysical survey of a comparatively unexplored volcanic belt in northwestern Ontario. Claims were staked and in 1971 and in 1972 ground geophysical surveys were carried out to accurately assess the airborne geophysical anomalies. A number of them will be drilled in 1973.

A participation in the drilling phase of another airborne geophysical survey in 1972. This project involved the drilling of 21 holes for a total of 7,135 feet. No economic mineralization was encountered.

A participation in an airborne geophysical survey. This exploration was carried out on two groups of claims, one of which was owned prior to the airborne survey and the other which was staked on the basis of anomalies found by the survey. A number of geophysical anomalies were indicated and will be drilled in 1973.

A participation in the staking and geophysical exploration of a group of 16 claims in the Timmins area. A geophysical survey involving 7.3 line-miles was completed and revealed an anomaly too weak to be of further interest.

A participation in the geophysical exploration of four claims in the Timmins area. The program involved 4.7 line-miles of geophysical work and failed to disclose any targets of interest.

A participation in the optioning of 15 claims and the staking of 18 adjacent claims in the Timmins area. On the combined claim group electromagnetic surveys over 23.8 line-miles disclosed several anomalies. A drill program involving seven holes for a total of 3,658 feet indicated graphitic sediments and barren sulphides.

A participation in the staking of 12 claims in another portion of the Timmins area. A geophysical survey involving 10.6 line-miles resulted in the discovery of four anomalies which will be drilled in 1973.

A participation in an airborne geophysical survey in the Sudbury area which failed to find any anomalies worth additional work.

A participation in an airborne geophysical survey, involving 527 line-miles, over an area in northeastern Ontario. The survey resulted in the discovery of only one weak anomaly.

A participation in the exploration of staked and optioned claims on a new copper prospect. This has involved, to date, 230 line-miles of airborne geophysical surveys, 97 line-miles of ground geophysical surveys and 3,000 feet of drilling in which only minor copper mineralization was found. Further drilling is scheduled for 1973.

A participation in the staking and optioning of 132 claims. Airborne geophysics indicated, and ground geophysics confirmed, a number of anomalies which will be drilled in 1973.

A participation in a prospecting program in northwestern Ontario.

A participation in a drilling program on a silver prospect in northern Ontario. No economic mineralization was found.

Manitoba:

A participation in the staking of a 30-claim property in northern Manitoba. Previous work had demonstrated the presence of interesting amounts of gold in an unusual geologic environment. Field work, to further evaluate the potential of the property, is scheduled for 1973.

Western Canada:

Participation in a number of carefully selected joint ventures of a continuing nature in British Columbia.

General:

A participation in a major international consortium to carry out a sea-test of a system for mining metal-bearing manganese nodules from the ocean floor.

A participation in various prospecting ventures organized by individual prospectors in Ontario, British Columbia and the Northwest Territories.

GENERAL:

Overall productivity in tons per manshift worked in 1972 averaged 8% above that obtained in 1971. However, due to the shaft deepening program, wage increases during the year and increases in the cost of supplies, the unit cost increased to $7.70 per ton in 1972 from $7.19 per ton in 1971.

Increased gold bullion sale prices prevailing on the free markets in 1972 permitted the profitable mining of lower grade zones. This is reflected in the decreased production of 85,614 ounces of gold bullion in 1972 as compared with 90,159 ounces in 1971.

Minor modifications to the milling circuit resulted in a small increase to 519,553 tons milled in 1972 as compared with 509,904 tons in 1971.

Lateral development work showed a moderate decrease from the previous year, representing a combination of curtailment of work on the bottom levels due to shaft sinking activity and the completion of development work on some of the known ore zones. With higher gold prices additional development work will be justified in lower grade areas in the future.

Ore reserves showed a small increase due to increased broken tonnage remaining in the stopes.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries, and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

MALCOLM A. TASCHEREAU,
General Manager.

Val d'Or, Quebec,
February 14, 1973.

Sigma Mines (Quebec) Limited

(No Personal Liability)

Total supplies and services	$1,746,091
Total amount of wages and salaries	2,454,483
Provincial and Municipal taxes	35,813

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Ajax
Arnprior
Balmertown
Belleville
Bramalea
Brampton
Clarkson
Cooksville
Don Mills
Downsview
Elliot Lake
Englehart
Fort Erie
Galt
Gananoque
Haileybury
Hamilton
Kirkland Lake
Kitchener
La Salle
McMasterville
Malartic
Mississauga
Montreal
New Liskeard
Noranda
North Bay
Orillia
Oshawa
Ottawa
Owen Sound
Pointe Claire
Quebec
Rexdale
Rouyn
Sault Ste. Marie
Scarborough
Sorel
South Porcupine
St. Catharines
Sudbury
Sullivan
Swastika
Thornbury
Thornhill
Thunder Bay
Timmins
Toronto
Val d'Or
Welland
Weston
Winnipeg
Woodstock

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Quebec	12	144
Ontario	40	138
Manitoba	1	1
United States of America	2	2
	55	285

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1972

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ontario, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

40 Wall Street, New York, N.Y. 10005.

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto, Ont. M5H 2V9

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto, Ont. M5H 2P6
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto, Ont. M5H 2W9
The Bank of New York, 48 Wall Street, New York, N.Y. 10015.

DIRECTORS

Clifford W. Michel	New York, N.Y.
William F. James	Toronto, Ont.
John K. McCausland	Toronto, Ont.
James B. Redpath	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Fraser M. Fell
Assistant Secretary	John H. Hough
Treasurer	Edmund J. Andrecheck
General Manager	George E. Peacock
General Superintendent	Stewart M. Reid

AUDITORS

Clarkson, Gordon & Co., Toronto, Ont. M5K 1J7

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	1972	1971
Tonnage Milled	302,666	303,045
Ounces Gold Produced	196,855	196,237
Average Price realized per ounce on sales during the year	$56.22	$41.11
Value of Bullion	$11,596,271	$8,244,956
Operating Costs	$ 4,144,972	$3,901,712
Net Income	$ 4,667,344	$2,717,054
Net Income per share	$1.17	$0.68
Current Assets	$12,451,786	$9,531,876
Current Liabilities	$ 2,416,658	$1,596,354
Working Capital	$10,035,128	$7,935,522
Number of Shareholders — December 31	5,411	5,669
Dividends Declared	$ 2,249,719	$1,799,775
Dividends declared per share	$0.56¼	$0.45
Shares Issued	3,999,500	3,999,500

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1972)

Toronto, Ontario,
February 15, 1973.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Changes in Financial Position, together with the Reports of the Auditors thereon and the Report of the General Manager, covering the financial year ended December 31, 1972.

The gross production for 1972 was 196,855 ounces of gold, as compared with 196,237 ounces for 1971.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was $7,451,299. The non-operating revenue was $633,205. These combined gave a total of $8,084,504. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to $3,417,160 leaving net income of $4,667,344 as compared to $2,717,054 a year ago.

This net income was a historical high for the mine and was due to higher prices on the free market where all production was sold. The average price obtained for gold sales made during the year was $56.22 Canadian compared to $41.11 Canadian received in the previous year.

Regular quarterly dividends were maintained at 11¼¢ per share for the first three quarters with an increase to 12½¢ per share for the final quarter, and after considering the profits, your Directors authorized an extra dividend of 10¢ per share. Therefore the total dividends declared amounted to $2,249,719 or 56¼¢ per share.

The tonnage milled during 1972 totalled 302,666 tons which represents an average milling rate of 827 tons per day. The yield per ton was 13.01 dwt. as compared with 12.95 dwt. in 1971.

Ore reserves were increased to 1,424,400 tons, with ore in place showing a grade of 13.96 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

Taxes under the Federal Income Tax Act of $1,528,500, the Provincial Corporations Tax Act of $476,500 and the Ontario Mining Tax Act of $910,000 total $2,915,000.

Your Company continues to hold $2 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures provide income and diversification inasmuch as they are convertible into common stock of Dome Petroleum at a conversion price of $28.25 per share. Dome Petroleum had a satisfactory year with unaudited financial statements showing a cash flow of $17 million and net profits estimated at $10.8 million, an increase of 5.8% over the preceding year.

Additional interest in oil exploration is given by your Company's participation in Panarctic Oils Ltd., which continues to explore the Arctic Archipelago and has made several major gas discoveries.

Participation in a widely based mineral exploration campaign in association with Dome Mines Limited, Sigma Mines (Quebec) Limited and Dome Petroleum Limited was made possible under the agreement whereby the campaign was directed by Dome Mines and in which your Company had a participation of 21% in all projects initiated from January 1, 1969. Exploration details are shown on page thirteen of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"The forces affecting the free market price of gold, that were set in motion in August 1971 when the United States Treasury closed its 'gold window' and thus declined to convert dollar claims against it into gold at the then official price of U.S. $35, continued at an accelerated pace in 1972. In January the London price stood at $44 per ounce, rising gradually to the $50 level by May. In that month the U.S. Congress passed legislation which raised the official monetary price to U.S. $38 but did not restore the convertibility of the dollar into gold. With private demand strong, the London price rose to $70 by August and closed the year at $65. The 10% devaluation of the U.S. dollar on February 13, 1973 will have the effect of raising the official price of gold to U.S. $42.22 and at the time of writing this report, gold is trading on the London Bullion Exchange at prices above U.S. $73 per ounce. At the high point in 1972 the free market price was 84% above the U.S. official price of $38. As long as the U.S. Balance of Payments continues in deficit, there seems little doubt but that the free market will continue to be volatile and we would conclude that foreign central banks will be reluctant to pay out gold from their reserves at its 'monetary' price of U.S. $42.22 when the free market has touched a point $31 per ounce above this level. Confirmation of this position came in December when the European central banks postponed any settlement of their inter-bank gold debts until 1975. Until that time all existing gold stocks appear to be frozen, including those of the United States whose present reserves are less than half those of the central banks of Europe and Asia. Management's policy will continue to be as low cost an operator as possible with the ore reserves it has developed and to use the new levels of gold prices to attempt to extend the life of our mines with mill feed that heretofore was not commercial at the artificially low official price that prevailed for so many years."

Your Directors again wish to record their appreciation for the effective planning and direction by management and staff and to thank all employees for their loyalty and untiring efforts to increase the efficiency of the Company's operations.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

CAMPBELL RED LA

(Incorporated und

BALANCE SHEET

(with comparative figur

ASSETS

	1972	1971
Current Assets:		
Cash, including bank term deposits	$ 1,977,895	$ 1,357,038
Bullion on hand and in transit, at estimated net realizable value	1,531,775	722,219
Short term commercial paper, at cost	6,207,611	5,451,908
Marketable securities, at cost (schedule attached)	1,744,776	1,144,626
Accounts receivable (including accrued interest)	204,163	138,487
Mining and milling supplies, at cost	773,432	716,540
Prepaid expenses	12,134	1,058
	12,451,786	9,531,876
Investments (schedule attached) (note 2):		
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	2,000,000	2,000,000
Other	156,441	189,616
	2,156,441	2,189,616
Capital Assets:		
Buildings, machinery and equipment, at cost	7,921,436	7,378,201
Less accumulated depreciation	6,575,730	6,424,043
	1,345,706	954,158
Mining claims and properties — acquired for 1,277,500 shares (no deduction has been made for ore mined)	197,500	197,500
Townsite land, at cost	113,842	110,196
	1,657,048	1,261,854
	$16,265,275	$12,983,346

(See accompanying no

AUDITOR

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1972 and the related statements of income, earned surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

E MINES LIMITED

laws of Ontario)

ECEMBER 31, 1972

December 31, 1971)

LIABILITIES

	1972	1971
Current Liabilities:		
Salaries and wages payable	$ 107,070	$ 103,154
Accounts payable	324,070	275,982
Accrued charges	64,847	87,750
Accrued taxes	1,020,783	679,524
Dividends payable	899,888	449,944
	2,416,658	1,596,354
Deferred Income Taxes	142,000	98,000
Capital and Surplus:		
Capital —		
Authorized:		
4,000,000 shares of $1 each		
Issued:		
3,999,500 shares	3,999,500	3,999,500
Discount (net) on shares issued	2,378,905	2,378,905
	1,620,595	1,620,595
Earned surplus	12,086,022	9,668,397
	13,706,617	11,288,992
	$16,265,275	$12,983,346

On behalf of the Board:

J. B. REDPATH, Director.

F. M. FELL, Director.

inancial statements)

PORT

In our opinion these financial statements present fairly the financial position of Campbell Red Lake Mines Limited as at December 31, 1972 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 26, 1973.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for 1971)

	1972	1971
Revenue:		
Bullion	$11,596,271	$ 8,244,956
Expenditures:		
Development (including shaft sinking expenditures of $129,866 in 1972; $349,488 in 1971)	821,898	846,189
Mining	1,594,370	1,585,754
Reduction	1,082,776	880,033
Refining and marketing	78,832	75,347
General and administrative	510,408	424,613
Taxes other than income	56,688	89,776
	4,144,972	3,901,712
	7,451,299	4,343,244
Deduct:		
Provision for depreciation	229,185	175,988
Provision for tax under The Mining Tax Act	910,000	525,000
	1,139,185	700,988
Operating profit	6,312,114	3,642,256
Add:		
Interest on Dome Petroleum Limited income debentures	100,000	100,000
Other interest, etc.	533,205	427,435
	6,945,319	4,169,691
Deduct outside exploration expenses	272,975	204,637
Income before provision for income taxes	6,672,344	3,965,054
Provision for income taxes (including deferred income taxes 1972 — $44,000; 1971 — $28,000):		
Federal	1,528,500	963,000
Provincial	476,500	285,000
	2,005,000	1,248,000
Net income for the year	$ 4,667,344	$ 2,717,054
Net income per share	$ 1.17	$ 0.68

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for 1971)

	1972	1971
Balance, January 1	$ 9,668,397	$ 8,751,118
Add net income for the year	4,667,344	2,717,054
	14,335,741	11,468,172
Deduct dividends declared of 56¼¢ per share comprising three quarterly dividends of 11¼¢ each; one quarterly dividend of 12½¢ and an extra dividend of 10¢ (1971 — four quarterly dividends of 11¼¢ each)	2,249,719	1,799,775
Balance, December 31	$12,086,022	$ 9,668,397

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for 1971)

	1972	1971
Source of working capital:		
Operations —		
Net income for the year	$ 4,667,344	$ 2,717,054
Depreciation	229,185	175,988
Increase in deferred income taxes	44,000	28,000
Total from operations	4,940,529	2,921,042
Decrease in other investments	33,175	16,843
Total	4,973,704	2,937,885
Disposition of working capital:		
Dividends	2,249,719	1,799,775
Expenditures on capital assets (net)	624,379	498,440
Total	2,874,098	2,298,215
Net increase in working capital for year	$ 2,099,606	$ 639,670
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash	$ 620,857	$ 48,047
Bullion	809,556	239,360
Short term commercial paper	755,703	15,182
Marketable securities	600,150	501,125
Accounts receivable	65,676	(14,817)
Mining and milling supplies	56,892	108,976
Prepaid expenses	11,076	(8,149)
	2,919,910	889,724
Increase (decrease) in current liabilities —		
Salaries and wages payable	3,916	8,768
Accounts payable	48,088	89,195
Accrued charges	(22,903)	11,908
Accrued taxes	341,259	140,183
Dividends payable	449,944	
	820,304	250,054
Net increase in working capital for year	2,099,606	639,670
Working capital, January 1	7,935,522	7,295,852
Working capital, December 31	$10,035,128	$ 7,935,522

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS
DECEMBER 31, 1972
(with comparative figures at December 31, 1971)

	Par value	Book value (note 1) 1972	1971
Marketable Securities:			
Government and government guaranteed short term securities ($346,000 par value in 1971)	$ 746,000	$ 747,401	$ 347,251
Corporate bonds ($800,000 par value in 1971)	1,000,000	997,375	797,375
		$1,744,776	$1,144,626
(Quoted market values of above "Marketable Securities": 1972 — $1,760,000; 1971 — $1,180,000)			
Investments:			
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988 (note 2)	$2,000,000	$2,000,000	$2,000,000
Other —			
Local school and municipal debentures, at cost ($18,500 par value in 1971)	15,000	14,907	18,407
Sundry		141,534	171,209
		156,441	189,616
		$2,156,441	$2,189,616

(Quoted market values of above "Investments" including debentures of Dome Petroleum Limited at the market value of shares that would be received if the debentures were converted, and other debentures at their respective par or book values; 1972 — $3,218,000; 1971 — $2,594,800)

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS
December 31, 1972

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bullion on hand and in transit
Consistent with industry practice, the company has recorded as bullion revenue the estimated net realizable value of unsold bullion produced prior to the year-end.

Investments
Marketable securities and other investments are carried at cost except for certain shares in other mining companies which are carried at cost less amounts written off.

Depreciation
Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

Mine development and exploration expenditures
All mine development and exploration expenditures are charged against income as incurred.

2. INVESTMENT IN DOME PETROLEUM LIMITED DEBENTURES

The Dome Petroleum Limited debentures can be redeemed, in whole but not in part, by that company upon not less than 60 days notice after May 15, 1973, at 105% of the principal amount thereof. Prior to redemption, the debentures can be converted into shares at a conversion price of $28.249 per share.

3. REMUNERATION OF DIRECTORS AND OFFICERS

The total remuneration paid in respect of 1972 by the company to its directors and senior officers (defined by The Business Corporations Act, Ontario, 1970 to include the five highest paid employees) amounted to $109,690 (1971 — $104,474).

4. COMMITMENTS

The company has completed water and air pollution abatement studies and approved the expenditure in 1973 of approximately $1,000,000 on new facilities and equipment in connection therewith.

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1972 is submitted for your consideration.

During the year 330,079 tons were hoisted, of which 302,666 tons were ore and 27,413 tons were waste.

The 302,666 tons of ore milled yielded bullion containing 196,855 ounces of gold, the average yield being 0.6504 ounces or 13.01 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price offered by the Royal Canadian Mint was based on $35.00 per ounce United States Funds until May 8, 1972, when it was increased to $38.00 per ounce United States Funds. As in past years all production was sold on the free market, settlement being made in equivalent Canadian Funds at prevailing exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all sales during the year averaged $56.22 Canadian per ounce.

MINING:

In all, 274,373 tons of a grade of 14.98 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 107,100 tons remains in the stopes, a decrease of 15,700 tons from the previous year.

The main stoping operations were above the 15th or 2,200-foot level. Ore removed by cut-and-fill mining increased from 26% to 30% of the total ore mined.

DEVELOPMENT:

Development was distributed from the 2nd to the 27th level. Of this work 55% was drifting and raising in known ore zones. The other 45% included 695 feet driven in waste on the 5th level to reach the "L" Zone.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1972

Level	Ore Pass	Waste Pass	Drifts	Crosscuts	Raises	Slabbing	Total	Diamond Drilling
2nd	....	....	35	....	....	5	40	2,749
3rd	....	....	110	....	....	15	125	3,508
4th	....	....	1,037	....	155	55	1,247	939
5th	....	....	1,185	....	301	126	1,612	1,958
6th	....	....	80	72	....	31	183	2,158
7th	....	....	....	....	303	33	336	935
8th	....	....	....	....	178	18	196	279
9th	....	....	....	....	....	....	....	689
10th	....	....	9	....	22	2	33	258
11th	....	....	....	....	....	....	....	2,570
12th	....	....	140	....	....	3	143	3,250
13th	....	....	38	....	....	2	40	....
14th	....	....	....	....	....	....	....	546
15th	....	....	1,275	....	....	184	1,459	1,336
16th	....	....	....	....	....	....	....	271
17th	....	....	78	....	204	23	305	273
18th	....	....	894	27	....	104	1,025	3,480
19th	....	....	....	....	369	18	387	....
20th	....	....	1,260	....	276	177	1,713	3,855
21st	....	....	427	....	249	110	786	100
22nd	....	....	....	9	....	2	11	....
23rd	....	....	....	11	....	....	11	....
25th	....	126	....	155	....	13	294	....
26th	239	240	....	543	14	49	1,085	....
27th	233	229	....	393	194	293	1,342	....
Crusher	126	....	....	....		18	144	....
Totals ...	598	595	6,568	1,210	2.265	1,281	12,517	29,154

Diamond drilling totalling 29,154 feet was done as a guide to development and mining.

The table on page eleven shows details of development and diamond drilling completed during the year.

ORE PRODUCTION:

The mine produced 302,666 tons of ore during the year which averaged 14.29 dwt. The stopes produced 274,373 tons averaging 14.98 dwt. and development work produced 28,293 tons averaging 7.56 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,424,400 tons, an increase of 45,900 tons over last year. The ore reserves include 107,100 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1972 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1972
Surface to 1st Level	1,600	10.69	....	260,004
1st Level to 2nd Level	5,500	11.33	1,100	344,559
2nd Level to 3rd Level	15,800	12.93	....	375,213
3rd Level to 4th Level	19,900	12.21	8,100	509,330
4th Level to 5th Level	26,500	12.12	7,700	498,330
5th Level to 6th Level	60,400	15.51	3,400	487,953
6th Level to 7th Level	73,800	12.90	3,500	561,002
7th Level to 8th Level	46,400	12.18	29,900	569,238
8th Level to 9th Level	41,500	14.26	13,200	403,633
9th Level to 10th Level	104,100	17.04	18,400	287,965
10th Level to 11th Level	125,100	14.98	3,400	105,901
11th Level to 12th Level	106,100	16.44	3,200	102,488
12th Level to 13th Level	175,300	14.42	4,400	86,728
13th Level to 14th Level	189,500	14.66	9,000	109,844
14th Level to 15th Level	124,000	12.23	1,500	65,771
15th Level to 16th Level	108,000	11.92	200	4,240
16th Level to 17th Level	39,300	12.62	....	....
17th Level to 18th Level	54,500	9.23	100	2,743
	1,317,300	13.96	107,100	4,774,942

Ore in Place	1,317,300
Broken Ore	107,100
	1,424,400

Increase over 1971 is 45,900 tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	302,666 tons
Average tons per calendar day	827 tons
Average grade of ore treated	14.29 dwt. per ton
Recovery	13.01 dwt. per ton
Recovery percentage	91.05%

COSTS:

The expenditure on mining was $1,594,370 or $5.27 per ton milled.

The expenditure on development (excluding shaft sinking) was $692,032 or $2.29 per ton milled.

Operating costs (including bullion handling charges and shaft sinking) were $13.70 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were $624,379. This amount included 2 new Symons Crushers, underground rolling stock, loading pocket equipment for the shaft extension, and additions to living facilities for employees.

The details of changes in plant buildings, equipment and townsite land are as follows:

Additions:	
Mine equipment	$ 171,785
Reduction buildings and equipment	131,421
Surface buildings and equipment	317,527
	$ 620,733
Plus townsite land purchase	3,646
Total Increase	$ 624,379

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in those projects which originated before January 1, 1969, and a 21% interest in the substantially increased exploration campaign which started on January 1, 1969:

Quebec:

A participation in the acquisition of claims in a heavily overburdened volcanic belt on which four holes were drilled for a total of 1,223 feet. Although no economic mineralization was found in the drilling, the area was considered sufficiently interesting to warrant the staking of an additional 110 claims and the optioning of two properties totalling 40 claims. Further ground geophysical surveys totalling 87 line-miles were completed. A number of anomalies were delineated and these will be drilled in 1973.

A participation in the staking of four properties aggregating 5,900 acres. These properties were staked on the basis of a regional airborne geophysical survey carried out by the Quebec Department of Natural Resources. After staking, ground geophysical surveys were carried out over 154 line-miles to cover the indicated airborne anomalies. A number of these will be drilled in 1973.

A participation in the optioning of an area nine miles long by two miles wide along the strike of a former low-grade zinc producer. By year-end ground geophysical surveys had been completed over 118 line-miles and will continue in 1973.

A participation in the staking of five properties aggregating 6,300 acres, based upon the release of a second airborne geophysical survey carried out by the Quebec Department of Natural Resources.

A participation in the staking of approximately 500 acres on an old gold prospect in northwestern Quebec. An exploration program will be carried out on this prospect in 1973.

Ontario:

A participation in an airborne geophysical survey of a comparatively unexplored volcanic belt in northwestern Ontario. Claims were staked and in 1971 and in 1972 ground geophysical surveys were carried out to accurately assess the airborne geophysical anomalies. A number of them will be drilled in 1973.

A participation in the drilling phase of another airborne geophysical survey in 1972. This project involved the drilling of 21 holes for a total of 7,135 feet. No economic mineralization was encountered.

A participation in an airborne geophysical survey. This exploration was carried out on two groups of claims, one of which was owned prior to the airborne survey and the other which was staked on the basis of anomalies found by the survey. A number of geophysical anomalies were indicated and will be drilled in 1973.

A participation in the staking and geophysical exploration of a group of 16 claims in the Timmins area. A geophysical survey involving 7.3 line-miles was completed and revealed an anomaly too weak to be of further interest.

A participation in the geophysical exploration of four claims in the Timmins area. The program involved 4.7 line-miles of geophysical work and failed to disclose any targets of interest.

A participation in the optioning of 15 claims and the staking of 18 adjacent claims in the Timmins area. On the combined claim group electromagnetic surveys over 23.8 line-miles disclosed several anomalies. A drill program involving seven holes for a total of 3,658 feet indicated graphitic sediments and barren sulphides.

A participation in the staking of 12 claims in another portion of the Timmins area. A geophysical survey involving 10.6 line-miles resulted in the discovery of four anomalies which will be drilled in 1973.

A participation in an airborne geophysical survey in the Sudbury area which failed to find any anomalies worth additional work.

A participation in an airborne geophysical survey, involving 527 line-miles, over an area in north-eastern Ontario. The survey resulted in the discovery of only one weak anomaly.

A participation in the exploration of staked and optioned claims on a new copper prospect. This has involved, to date, 230 line-miles of airborne geophysical surveys, 97 line-miles of ground geophysical surveys and 3,000 feet of drilling in which only minor copper mineralization was found. Further drilling is scheduled for 1973.

A participation in the staking and optioning of 132 claims. Airborne geophysics indicated, and ground geophysics confirmed, a number of anomalies which will be drilled in 1973.

A participation in a prospecting program in northwestern Ontario.

A participation in a drilling program on a silver prospect in northern Ontario. No economic mineralization was found.

Manitoba:

A participation in the staking of a 30-claim property in northern Manitoba. Previous work had demonstrated the presence of interesting amounts of gold in an unusual geologic environment. Field work, to further evaluate the potential of the property, is scheduled for 1973.

Western Canada:

Participation in a number of carefully selected joint ventures of a continuing nature in British Columbia.

General:

A participation in a major international consortium to carry out a sea-test of a system for mining metal-bearing manganese nodules from the ocean floor.

A participation in various prospecting ventures organized by individual prospectors in Ontario, British Columbia and the Northwest Territories.

GENERAL:

The daily milling rate was maintained at an average of 827 tons per day.

Unit operating costs show a sharp increase. This is due to a wage increase effective April 1, 1972, increased expenditures in the mill with respect to controlling our roaster effluent and continuing costs of our shaft deepening program including the installation of a loading pocket at the 27th loading pocket level.

A contractor is presently driving an ore pass, waste pass and a ventilation raise to service the new bottom levels. An electrostatic precipitator and bag filter to treat the roaster effluent and a carbon circuit to treat the precipitator dust to reclaim gold, will be installed in 1973 at an estimated cost of $1,000,000.

Broken ore reserves show a slight decrease due to the work involved in changeover to cut-and-fill mining and extra non-productive work in the shaft extension.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Stewart Reid, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEO. E. PEACOCK,
General Manager.

Balmertown, Ontario,
February 12, 1973.

Campbell Red Lake Mines Limited

Total supplies and services	$3,507,489
Total amount of wages and salaries	2,179,865
Income taxes	2,005,000
Other taxes (Provincial and Municipal)	966,688

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Atikokan	Elliot Lake	North Bay	Selkirk
Balmertown	Fort Erie	North Vancouver	St. Catharines
Belleville	Galt	Oakville	St. Hyacinthe
Burlington	Gananoque	Orillia	Sudbury
Calgary	Guelph	Ottawa	Thornbury
Chatham	Haileybury	Pointe Claire	Thornhill
Clarkson	Hamilton	Portage La Prairie	Thunder Bay
Cooksville	Kenora	Red Lake	Toronto
Don Mills	Kitchener	Rexdale	Val d'Or
Dorval	Lachine	Richmond Hill	Vancouver
Downsview	La Salle	Sarnia	Vermilion Bay
Dryden	Mississauga	Sault Ste. Marie	Weston
Edmonton	Montreal	Scarborough	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
British Columbia	2	4
Manitoba	2	78
Ontario	38	132
Quebec	8	30
Alberta	2	4
United States of America	4	6
	56	254

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